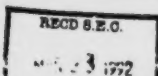


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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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92-2244 22-3927

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Quarterly Report Under Section 13 or 15(d)
of the Securities Exchange Act of 1934

For Quarter Ended: January 31, 1992

Commission File Number: 0-1155 6-17612

American Capital Holdings, Inc.
(Exact name of registrant as specified in its chapter)

Delaware
(State or other jurisdiction of
incorporation or organization)

62-1367125
(I.R.S. Employer
Identification No.)

1400 Main Street
Columbia, South Carolina
(Address of principle
executive offices)

29201
(Zip Code)

(803) 765-1440
(former name, former address and former fiscal year,
if changed since last report).

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Class

Outstanding at March 20, 1992

Common Stock,
\$0.10 Par Value

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8,804,575 Shares

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AMERICAN CAPITAL HOLDINGS, INC.

PART I. FINANCIAL INFORMATION

ITEM 1

Consolidated Balance Sheets - January 31, 1992 and April 30, 1991	3
Consolidated Statements of Operations - Nine Months ended January 31, 1992 and 1991	4-5
Consolidated Statement of Changes in Cash Flows - Nine Months Ended January 31, 1992 and 1991	6-7
Notes to Consolidated Financial Statements January 31, 1992 and 1991	8-9

ITEM 2

Management's Discussion and Analysis of Financial Condition and Results of Operations	10-11
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PART II. OTHER INFORMATION

ITEM 6

Exhibits and Reports on Form 8-K

- (a) Exhibits
None
- (b) Reports on Form 8-K:
Current Report on Form 8-K filed on
October 16, 1991 reporting under ITEM 2
the disposition of assets.

Index to Exhibits	12
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PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

AMERICAN CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

(In Thousand of Dollars)

	January 31, 1992	April 30, 1991
<u>Assets</u>		
Cash and cash equivalents	\$ 5	153
Notes receivable, net of an allowance of \$236,000 in January and \$165,000 in April	2	80
Accrued interest receivable	-	3
Other receivables	105	125
Real estate held for sale:		
Completed homes	110	-
Homes under construction	43	-
Property, equipment and other assets, net	36	72
	<u>\$ 301</u>	<u>433</u>
<u>Liabilities and Stockholders' Equity</u>		
<u>Liabilities:</u>		
Short-term debt	\$ -	32
Construction payable	53	-
Accounts payable	21	35
Accrued liabilities	23	65
Customer contract deposits on homes	4	-
Long-term debt	-	29
	<u>101</u>	<u>161</u>
<u>Stockholders' equity:</u>		
Common stock, \$.10 per value; 30,000,000 shares authorized, 8,804,575 issued and outstanding	880	880
Additional paid-in capital	16,603	16,603
Deficit in retained earnings	(17,283)	(17,211)
	<u>200</u>	<u>272</u>
Commitments and contingencies	-	-
	<u>\$ 301</u>	<u>433</u>

See accompanying notes to consolidated financial statements.

AMERICAN CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(In Thousands, except per share data)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
Revenues:				
Condominium sales	\$ --	--	--	585
Marketing and leasing services	1	127	192	314
Interest	1	6	9	41
Other	--	--	--	27
	<u>2</u>	<u>133</u>	<u>201</u>	<u>967</u>
Costs and expenses:				
Costs of condominium sales	--	--	--	411
Marketing and leasing services	1	78	158	192
Selling and marketing	25	--	25	163
General and administrative	136	159	367	668
Interest	--	1	2	21
Other, net	7	--	74	91
	<u>169</u>	<u>238</u>	<u>626</u>	<u>1,548</u>
Loss from continuing operations before income taxes and extraordinary item	(167)	(105)	(425)	(581)
Provision for income taxes	--	--	--	--
Loss from continuing operations before extraordinary item	<u>(167)</u>	<u>(105)</u>	<u>(425)</u>	<u>(581)</u>
Discontinued operations:				
Loss from operations, net of applicable income taxes	--	--	--	(291)
Loss on disposal, net of applicable income taxes	--	--	--	(61)
Gain on November, 1990, disposal from recognition of prior receivables, net of applicable income taxes	--	--	321	--
	<u>0</u>	<u>0</u>	<u>321</u>	<u>(352)</u>
Extraordinary items:				
Tax benefit from utilization of net operating loss carryforwards	--	--	32	--
Net income (loss)	\$ <u>(167)</u>	<u>(105)</u>	<u>(72)</u>	<u>(933)</u>

(Continued)

	Three Months Ended January 31,		Nine Months Ended January 31,	
	1992	1991	1992	1991
Income (Loss) per share:				
Loss from continuing operations before extraordinary item	\$ (0.019)	(0.012)	(0.048)	(0.067)
Income (loss) from discontinued operations			0.036	(0.040)
Extraordinary item			0.004	--
Net income (loss) per share	\$ <u>(0.019)</u>	<u>(0.012)</u>	<u>(0.008)</u>	<u>(0.107)</u>
Number of shares outstanding	<u>8,804,575</u>	<u>8,804,575</u>	<u>8,804,575</u>	<u>8,804,575</u>

See accompanying notes to consolidated financial statements.

AMERICAN CAPITAL HOLDINGS, INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows
Nine Months Ended January 31, 1992 and 1991
(In Thousands)

	1992	1991
Cash flows from operating activities:		
Net income (loss)	\$ (72)	(933)
Adjustments to reconcile net income (loss) to net cash provided by operations:		
Depreciation and amortization	10	39
Loss (gain) on disposal of discontinued operations	(353)	61
Reserve for bad debts, net	98	--
Gain on sale of equipment	(42)	--
Changes in assets and liabilities:		
Decrease in mortgage notes receivable	--	20,583
Decrease in accrued interest and other receivables	26	1,380
Increase in notes receivable	(20)	--
Decrease in real estate held for sale	--	5,051
Decrease in other assets	--	35
Decrease in retainage and construction payable	--	(630)
Decrease in accounts payable	(14)	(319)
Decrease in accrued liabilities	(47)	(2,967)
Decrease in escrow deposits	--	(121)
Decrease in bonds payable	--	(20,154)
Decrease in notes payable	--	(329)
Net cash provided (used) by operating activities	(414)	1,696
Cash flows from investing activities:		
Increase in notes receivable	--	(96)
Increase in real estate held for sale	(153)	(73)
Increase in other receivables	(3)	--
Payments received on mortgage notes receivable	--	677
Originations of mortgage notes receivable	--	(3,618)
Sale of mortgage notes receivable	--	4,080
Issuance of common stock	--	4
Purchase of equipment	(5)	--
Proceeds from sale of equipment	84	--
Increase in other assets	(11)	--
Net equity in discontinued operations	353	(61)
Increase in construction payable	53	--
Increase in accrued liabilities	5	--
Increase in customer contract deposits on homes	4	--
Net cash provided by investing activities	327	913

(Continued)

	<u>1992</u>	<u>1991</u>
Cash flows from financing activities:		
Payments on long-term debt	(32)	(525)
Net decrease in short-term debt	<u>(29)</u>	<u>(3,598)</u>
Net cash used by financing activities	<u>(61)</u>	<u>(4,123)</u>
Net increase (decrease) in cash and cash equivalents	(148)	(1,514)
Cash and cash equivalents at beginning of period	<u>153</u>	<u>1,816</u>
Cash and cash equivalents at end of period	<u>\$ 5</u>	<u>302</u>

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements
January 31, 1992 and 1991

1. Basis of Presentation:

The interim financial statements have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. This information reflects all adjustments which are, in the opinion of management, necessary to present fairly the consolidated balance sheets, as of January 31, 1992 and the consolidated statements of operations and changes in cash flows for the nine months ended January 31, 1992 and 1991. All such adjustments are of a normal recurring nature unless otherwise noted herein. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Commission.

Certain prior year amounts have been reclassified to conform with the current year presentation and to achieve consistency between periods.

2. Earnings Per Share:

Earnings per share have been computed based on weighted average number of shares outstanding during the period. Outstanding stock options have been included, as common stock equivalents, if the effect of inclusion were dilutive.

3. Recent Accounting Pronouncements

The Financial Accounting Standards Board has issued statement of financial accounting standards (SFAS) 96 "Accounting for Income Taxes". Management has determined that adoption of the standard would not have a material impact on the 1992 consolidated financial statements. The Company plans to adopt this statement when required.

4. Discontinued Operations:

As more fully described in the Company's annual report filed on Form 10-K for the year ended April 30, 1991, certain subsidiaries were sold during the fiscal year and the sale was

reported on a Form 8-K dated November 27, 1990. The above Forms 10-K and 8-K are hereby incorporated by reference.

Revenues of the subsidiaries sold were approximately \$1,547,000 for the nine months ended January 31, 1991.

At the date of disposition in fiscal 1991, the Company reserved all receivables due from the subsidiaries sold as a result of uncertainty as to the collection thereof.

The accompanying 1992 consolidated statements of operations reflect a before tax gain of \$353,000 (\$392,000 before expenses) as a result of final settlement of the original \$750,000 in receivables. As of January 31, 1992, the Company had received \$263,000 of the gain with the balance of \$90,000 due in June, 1992.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Total assets decreased by 30.5% and total liabilities decreased by 37.3% from April 30, 1991 to January 31, 1992. The primary cause of both decreases was the sale of telecommunication equipment as reported by the Company on Form 8-K dated October 16, 1991.

From October 31, 1991, to January 31, 1992, total assets decreased by 24.2% while total liabilities increased by 236.7% (or \$71,000). The reduction in assets was primarily the result of the loss from operations for the three month period. The increase in liabilities was primarily the result of the Company's entry into the affordable housing market in Central Florida, as reported in the Company's October 31, 1991, Form 10-Q.

The primary focus of the Company is to option lots and pre-sell homes with construction to be performed by third party builder(s). Wholly owned subsidiaries of the Company have acquired options on approximately 150 lots and have obtained 25 contracts for homes, as of the date of this report, with an aggregate contract total of \$1,629,000.

To establish relationships with third party builders and to assist marketing, the Company acquired four lots and started construction to demonstrate the different models available.

Two of these models were substantially complete at January 31, 1992, with both homes sold and closed as of the date of this report. (See also Capital Resources, Debt and Liquidity).

It is the intent of the Company to contract with third party builders to construct the remaining homes under contract as well as all new contracts received. This will allow the Company to devote its efforts to option lots and pre-sell homes in accordance with the Company's plan for the immediate future.

Comparison of Nine Months Ended January 31:

Revenues and costs decreased by 79.2% and 59.6%, respectively, in 1992 over 1991. The primary factors causing a reduction in revenue were the election not to initiate new condominium developments (63.3%), the cessation of marketing contracts, and the sale of leased telecommunication equipment (12.6%). These reductions were influenced by the current

depressed, economic environment for resort condominiums and the significant liquidity required for condominium development.

The reductions in condominium development and marketing/leasing activities resulted in cost decreases of 40.6%. General and administrative reductions resulted in cost decreases of 23% with an increase of 3.6% due to entry into the affordable housing environment. The entire selling and marketing expenses in 1992 were attributable to affordable housing.

Comparison of Three Months Ended January 31:

Revenues and costs decreased by 98.5% and 29.0%, respectively, in 1992 over 1991. The revenue reduction was primarily the result of the cessation of marketing/leasing activities (94.7%) which also accounted for cost decreases of 32.7%. General and administrative reductions resulted in cost decreases of 26.9% with an increase of 17.2% due to entry into affordable housing for a net reduction of 9.7%. Selling and marketing costs for affordable housing increased costs by 10.5%. The remaining change in costs was an increase of 2.9% attributable to Other, net.

The change in discontinued operations is the same for the three months as the nine months discussed above.

Capital Resources, Debt and Liquidity

As more fully discussed herein, the Company is pursuing third party builders to construct its backlog of pre-sold homes. It is anticipated that the Company will be successful and that closings will generate positive cash flow to meet or exceed current operating requirements. The four lots purchased and the two completed model homes were accomplished without financing. Subsequent to January 31, 1992, financing was obtained for the remaining two model homes.

The Company expects to have sufficient capital for the remainder of its 1992 fiscal year. However, should liquidity problems develop the Company will further contract operations and consider raising additional capital by the sale of the pre-sold contract backlog, financings, issuance of debt or other securities.

AMERICAN CAPITAL HOLDINGS, INC.

INDEX TO EXHIBITS

ITEM 6. Exhibits and Reports on Form 8-K.

(a) Exhibits:

None

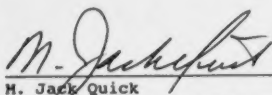
(b) Reports on Form 8-K:

Current Report on Form 8-K filed October 16, 1991
reporting under Item 2 the disposition of assets.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date March 20, 1992

A handwritten signature in dark ink, appearing to read "M. Jack Quick", is written over a horizontal line.

M. Jack Quick
President and Chief Financial
Officer